

# **Issues/Decision Paper**

*DRAFT*

*BadgerCare Plus Program*  
*WI Department of Health and Family Services*  
*DHCF/SO*

## **Issues Recommendations Summary**

*August 11, 2006*

BadgerCare Plus Steering Committee

*For discussion at BadgerCare Plus Advisor Meeting –*  
*August 15th*

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## 1 Benchmark Plan

### 1.1 Issue

The State must select a benefit package or benchmark plan for BadgerCare Plus enrollees above 200% of FPL. In addition, a decision is needed regarding whether Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services, including recommended treatment services, will be offered to children under age 21 who are in families with incomes above 200% of FPL. Decisions are also needed with regard to providing dental, mental health, and alcohol and drug addiction (AODA) services to children and/or families with incomes over 200% of FPL.

EPSDT, dental services, mental health, and AODA services are considered in the context of providing coverage for these benefits to *all* children with incomes above 200% of FPL. *A separate paper is addressing issues surrounding the provision of these benefits for children with special health care needs and children who are disabled.* Both considerations take into account the need to balance the tension of improving the healthy development of children while reducing costs to allow coverage of additional individuals.

The benefit plans considered were:

- 1) Blue Cross Blue Shield PPO Standard Plan – offered to Federal employees
- 2) Wisconsin State Employee Plan – offered to State of Wisconsin employees
- 3) United Healthcare Commercial Plan – largest commercial HMO enrollment

### 1.2 Recommendation

The steering committee recommends that the state adopt the low-cost United Healthcare commercial plan with several amendments. Recommended amendments to the United Healthcare plan are outlined below.

Prescription Drugs - United Healthcare does not cover prescription drugs. Children and pregnant women should be offered all MA preferred generic drugs at a minimum co-pay (e.g., \$5.00) and program participants should be allowed to utilize BadgerRx to purchase all other drugs at a discount.

Health Screenings - The Steering Committee recommends providing a bundled set of early childhood developmental services to children under age 6 with incomes over 200% of FPL. Similar to the majority of commercial plans, United Healthcare covers all basic health care services for children, including well-child checkups and immunizations. To enrich these benefits, the benchmark plan should include a bundled set of early childhood developmental services for children under age 6. These benefits are defined as: developmental surveillance, screening and assessment services; developmental-based health promotion and education; developmentally-based interventions; and care coordination.

Dental Benefits - Like many commercial plans, United Healthcare does not cover preventive, basic, or major dental care services. Preventive and basic services should be added for children and pregnant women over 200% of FPL with limitations on the number of services and a capped amount of benefits per year, similar to the dental plan available to state employees.

Mental Health and AODA - United Healthcare provides very limited coverage for mental health/AODA services. While the Governor is committed to moving to mental health parity, research indicates that adverse selection—the tendency of health insurance plans offering the most comprehensive coverage

to attract those individuals most in need of care—is a significant problem with regard to mental health benefits and is difficult to control unless all available plans offer similar benefits. The Steering Committee recommends that the benchmark plan include mental health and AODA benefits equivalent to the coverage provided to state employees. These benefits should be linked to the state employee health care plan so that benefits remain consistent between the two plans over time. (See attached memo)

### BadgerCare Plus Benefits

Services	Below 200% FPL	Above 200% FPL
	Medicaid benefit package	Benchmark plan benefit package
Prescription Drugs	Formulary	MA preferred generic drugs at \$5 co-pay and BadgerRx discounts
Physician Visits	Full coverage, including second opinion on elective surgery	Full coverage, one routine physical exam per year
Inpatient Hospital	Full coverage, prior authorization for transplants, AIDS acute care, etc.	Full coverage as medically necessary
Outpatient Hospital	Full coverage; Home health covered as needed with physician approval every 62 days	Lab, x-ray, mammography fully covered; Home health limited to 60 visits/year.
Nursing Home	Full coverage	Skilled nursing services limited to 30 days/year; Inpatient rehabilitation limited to 60 days/year.
Physical, Occupation, Speech Therapy	Full coverage	20 visits per therapy discipline, 36 visits for cardiac rehab
Durable Medical Equipment	Full coverage	Benefits limited to \$2,500/year
Mental Health AODA	Full coverage	Linked to state employee plan; outpatient services covered up to \$1,800/year, transitional up to \$2,700/year, AODA services up to \$7,000/year.
Transportation	Emergency and non-emergency to doctor/hospital	Emergency transportation covered as medically necessary; no coverage for non-emergency
Health Screenings for Children	Fully covered to children up to 21	Early childhood developmental services for children under age 6.
Dental	Preventive and Basic services	Preventive and basic services only for pregnant women and children under 19. Accident and diagnosis & treatment of temporomandibular disorders.
Vision	Eye exams, optometry, ophthalmology	1 refractive eye exam every 2 years
Smoking cessation	Full coverage	For pregnant women at high risk only
PNCC	Pregnant women at high-risk	For pregnant women at high risk only

## **2 Premium Assistance**

### **2.1 Issue**

The State must decide if it wants to expand premium assistance under BadgerCare Plus to groups currently ineligible for participation in the State's Health Insurance Premium Payment (HIPP) program. Premium assistance helps low-income families pay the employee contribution of their employee-sponsored insurance. The HIPP program is integrated within BadgerCare today and pays the family's share of the monthly premium, co-insurance, and deductibles associated with the family health plan along with any BadgerCare covered services not included in the family health plan through fee-for-service (wrap around).

### **2.2 Recommendation**

The Steering Committee recommends that every effort be made to increase enrollment in HIPP. The attached chart highlights new areas of coverage. These include providing premium assistance for:

- Children and parents with incomes below 150% of FPL even when the employer pays 80% or more of the premium when it is cost effective to do so
- Pregnant women with incomes up to 300% of FPL when the employer pays 80% or more of the premium (wrap around benefits)
- Children with incomes between 200-300% of FPL when it is cost effective to do so

The Steering Committee also recommends that the following strategies be adopted to expand HIPP.

- Farm and other self-employed families would be covered under HIPP
- Self-funded insurance plans should be allowed to participate in HIPP
- Minimum employer contribution requirements should be eliminated and ESI should be based solely on cost effectiveness
- Access to HIPP coverage should be allowed even if single coverage is the only coverage offered by an employer

**Premium Assistance and Crowd out Provisions**

As of August 9, 2006

	children and parents 0-150% FPL		children and parents 150-200% FPL (BadgerCare)		children 200-300% FPL		children above 300% FPL		pregnant women 200% to 300% FPL	
	now	BC+	now	BC+	now	BC+	now	BC+	now	BC+
<b>Do we collect other health insurance information? How much?</b>	0-6 No 6-18 Yes	Yes	0-6 No 6-18 Yes	yes	not covered	yes	not covered	yes	not covered	yes, require MOE
<b>Do we coordinate benefits if other health insurance is available?</b>	0-6 No 6-18 Yes	yes	0-6 No 6-18 Yes	wrap around	not covered	no	not covered	no	not covered	wrap around
<b>Is a person <u>eligible</u> if employer pays 80% or more for health insurance premium?</b>	0-6 Yes 6-18 No	no	0-6 Yes 6-18 No	no	not covered	no	not covered	no	not covered	yes, require MOE
<b>Do other crowd out provisions apply?</b>	0-6 No 6-18 Yes	no	0-6 No 6-18 Yes	yes	not covered	yes	not covered	yes	not covered	no
<b>Are there cost sharing requirements ?</b>	no	no	yes	yes, sliding scale premiums	not covered	yes, sliding scale premiums	not covered	full PMPM HMO rate	not covered	yes
<b>Will we provide premium assistance if it is cost effective?</b>	no	yes	yes	yes	not covered	yes	not covered	no	not covered	yes, wrap around
<b>Will we provide premium assistance even if employer pays 80% or more of the premium cost?</b>	no	yes	no	not eligible	not covered	not eligible	not covered	n/a pay full cost	not covered	yes, wrap around
MOE = Maintenance of Effort										

### **3 Backdating**

#### **3.1 Issue**

The State must decide whether BadgerCare Plus should allow applicants to ‘backdate’ their eligibility prior to the application month. Currently, Medicaid applicants are allowed a ‘backdate’ for three months and BadgerCare applicants are not.

Alternatives considered include:

- 1) Allow backdating for all BadgerCare Plus applicants
- 2) Allow no backdating for any BadgerCare Plus applicants
- 3) Allow backdating for up to 150% of the FPL for all BadgerCare Plus applicants
- 4) Allow backdating for kids/parents/caretakers up to 150% of the FPL and all pregnant women
- 5) Allow backdating for all pregnant women only

#### **3.2 Recommendation**

The Steering Committee recommends Option 4. This alternative would allow backdating for children, parents, and caretaker relatives up to 150% FPL. All pregnant women would also be eligible for backdated coverage under this option, regardless of FPL. This is the simplest, most straightforward approach that does not involve exorbitant new costs or the complete loss of the backdating option for any group.

### **4 Healthy Rewards**

#### **4.1 Issue**

One of the over-arching goals of BadgerCare Plus is to improve health outcomes for all participants. The State must decide the most effective strategy for accomplishing this goal. Potential approaches for promoting and supporting healthy behaviors among enrollees include:

- 1) establishment of Health Opportunity Accounts under DRA
- 2) pay-for-performance (P4P) incentives for HMOs
- 3) member agreements, health literacy, and individual incentives for improved health behaviors.

#### **4.2 Recommendation**

The Steering Committee recommends a combination of strategies to encourage and support healthier behaviors. These approaches include both system-level and individual incentives. Wisconsin’s system level incentives will build on existing efforts to improve the quality of health care. Currently, fourteen HMOs are participating in the Department’s pay-for-performance initiative (P4P).

Five areas were proposed as targets for system level and individual incentives. These are:

- 1) Increases in well-child visits and childhood immunization rates
- 2) Reductions in smoking among enrollees
- 3) Reductions in childhood obesity
- 4) Reductions in infant mortality, especially among minority populations
- 5) Reductions in non-emergent use of emergency rooms

The recommendation also includes building on successful efforts by several HMOs to encourage and support healthier behaviors by enrollees. At the state level, a non-binding member agreement will be

developed and implemented as part of the enrollment process. The agreement will outline broad responsibilities for individuals such as “I will make sure that my children get all of their shots on time and take my children to well-child check-ups,” “I will keep and be on time for scheduled appointments,” “I will only use the emergency room for emergencies,” “I will try to quit smoking.” It will also include member rights, such as “I have the right to pick my medical home,” “I have the right to decide things about my health care and that of my children,” “When I decide to quit smoking, my health plan will help me,” “I will be treated fairly and with respect.”

In addition, the State should develop strategies for helping individuals learn how to better manage their health. For example, the State should explore development of a simple curriculum for BadgerCare Plus consumers that could be used in a wide array of settings with diverse trainers. The curriculum could include topics such as “when to use the emergency room,” “why it is important to keep and be on time for my appointments,” “why it is important to take my medicine as directed by my doctor,” and “the importance of exercise.”